

117TH CONGRESS
1ST SESSION

S. _____

To amend the Trademark Act of 1946 to provide for contributory liability for certain electronic commerce platforms for use of a counterfeit mark by a third party on such platforms, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. COONS (for himself and Mr. TILLIS) introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To amend the Trademark Act of 1946 to provide for contributory liability for certain electronic commerce platforms for use of a counterfeit mark by a third party on such platforms, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Stopping Harmful Of-
5 fers on Platforms by Screening Against Fakes in E-Com-
6 merce Act of 2021” or the “SHOP SAFE Act of 2021”.

1 **SEC. 2. CONTRIBUTORY LIABILITY FOR ELECTRONIC COM-**
2 **MERCE PLATFORMS.**

3 (a) PLATFORM LIABILITY.—Section 32 of the Act en-
4 titled “An Act to provide for the registration and protec-
5 tion of trademarks used in commerce, to carry out the pro-
6 visions of certain international conventions, and for other
7 purposes”, approved July 5, 1946 (commonly known as
8 the “Trademark Act of 1946”) (15 U.S.C. 1114), is
9 amended by adding at the end the following:

10 “(4)(A) Subject to subparagraph (C), an electronic
11 commerce platform shall be deemed contributorily liable
12 in a civil action by the registrant for the remedies herein-
13 after provided for a case in which, without the consent
14 of the registrant, a third-party seller uses in commerce
15 a counterfeit mark in connection with the sale, offering
16 for sale, distribution, or advertising of goods that impli-
17 cate health and safety on the platform, unless the platform
18 demonstrates that the platform took each of the following
19 steps to prevent such use on the platform before any in-
20 fringing act by the third-party seller:

21 “(i) Determined after a reasonable investiga-
22 tion, and reasonably periodically confirmed—

23 “(I) that the third-party seller designated
24 a registered agent in the United States for serv-
25 ice of process; or

1 “(II) in the case of a third-party seller lo-
2 cated in the United States, and if the seller has
3 not designated a registered agent under sub-
4 clause (I), that the third-party seller has des-
5 ignated a verified address for service of process
6 in the United States.

7 “(ii) Verified through governmental identifica-
8 tion or other reliable documentation the identity,
9 principal place of business, and contact information
10 of the third-party seller.

11 “(iii) Required the third-party seller to—

12 “(I) take reasonable steps to verify the au-
13 thenticity of goods on or in connection with
14 which a registered mark is used; and

15 “(II) attest to the platform that the third-
16 party seller has taken reasonable steps to verify
17 the authenticity of the goods under subclause
18 (I).

19 “(iv) Imposed on the third-party seller as a con-
20 dition of participating on the platform contractual
21 requirements that—

22 “(I) the third-party seller agrees not to use
23 a counterfeit mark in connection with the sale,
24 offering for sale, distribution, or advertising of
25 goods on the platform;

1 “(II) the third-party seller consents to the
2 jurisdiction of United States courts with respect
3 to claims related to the third-party seller’s par-
4 ticipation on the platform; and

5 “(III) the third-party seller designates an
6 agent for service of process in the United
7 States, or, in the case of third-party seller lo-
8 cated in the United States, the third-party sell-
9 er designates a verified address for service of
10 process in the United States.

11 “(v) Displayed conspicuously on the platform
12 the verified principal place of business, contact infor-
13 mation, and identity of the third-party seller, and
14 the country from which the goods will be shipped,
15 except the platform shall not be required to display
16 any such information that constitutes the personal
17 identity of an individual, a home street address, or
18 personal contact information of an individual, and in
19 such cases shall instead provide alternative, verified
20 means of contacting the third-party seller.

21 “(vi) Displayed conspicuously in each listing the
22 country of origin and manufacture of the goods, un-
23 less such information was not reasonably available to
24 the third-party seller and the third-party seller had
25 identified to the platform the steps it undertook to

1 identify the country of origin and manufacture of
2 the goods and the reasons it was unable to identify
3 the same.

4 “(vii) Required each third-party seller to use
5 images that the seller owns or has permission to use
6 and that accurately depict the actual goods offered
7 for sale on the platform.

8 “(viii) Implemented at no cost to the registrant
9 reasonable proactive technological measures for
10 screening goods before displaying the goods to the
11 public to prevent any third-party seller’s use of a
12 counterfeit mark in connection with the sale, offer-
13 ing for sale, distribution, or advertising of goods on
14 the platform.

15 “(ix) Implemented at no cost to the registrant
16 a program to expeditiously disable or remove from
17 the platform any listing for which a platform has
18 reasonable awareness of use of a counterfeit mark in
19 connection with the sale, offering for sale, distribu-
20 tion, or advertising of goods. Reasonable awareness
21 of use of a counterfeit mark may be inferred based
22 on information regarding the use of a counterfeit
23 mark on the platform generally, general information
24 about the third-party seller, identifying characteris-
25 tics of a particular listing, or other circumstances as

1 appropriate. A platform may reinstate a listing dis-
2 abled or removed under this clause if, after an inves-
3 tigation, the platform reasonably determines that a
4 counterfeit mark was not used in the listing. A rea-
5 sonable decision to reinstate a listing shall not be a
6 basis for finding that a platform failed to comply
7 with this clause.

8 “(x) Implemented a policy that requires termi-
9 nation of a third-party seller that has reasonably
10 been determined to have engaged in repeated use of
11 a counterfeit mark in connection with the sale, offer-
12 ing for sale, distribution, or advertising of goods on
13 the platform. Use of a counterfeit mark by a third-
14 party seller in 3 separate listings within 1 year shall
15 be considered repeated use, except when reasonable
16 mitigating circumstances exist. A platform may rein-
17 state a third-party seller if, after an investigation,
18 the platform reasonably determines that the third-
19 party seller did not engage in repeated use of a
20 counterfeit mark or that reasonable mitigating cir-
21 cumstances existed. A reasonable decision to rein-
22 state a third-party seller shall not be a basis for
23 finding that a platform failed to comply with this
24 clause.

1 “(xi) Implemented at no cost to the registrant
2 reasonable technological measures for screening
3 third-party sellers to ensure that sellers who have
4 been terminated do not rejoin or remain on the plat-
5 form under a different seller identity or alias.

6 “(xii) Provided a verified basis to contact a
7 third-party seller upon request by a registrant that
8 has a bona fide belief that the seller has used a
9 counterfeit mark in connection with the sale, offer-
10 ing for sale, distribution, or advertising of goods on
11 the platform except that the platform is not required
12 to provide information that constitutes the personal
13 identity of an individual, a home street address, or
14 personal contact information of an individual (in
15 such case, the provider shall provide an alternative
16 means of contacting the third-party seller).

17 “(B) In this paragraph:

18 “(i) The term ‘counterfeit mark’ has the mean-
19 ing given that term in section 34(d)(1)(B).

20 “(ii) The term ‘electronic commerce platform’
21 means any electronically accessed platform that in-
22 cludes publicly interactive features that allow for ar-
23 ranging the sale, purchase, payment, or shipping of
24 goods, or that enables a person other than an oper-

1 ator of the platform to sell or offer to sell physical
2 goods to consumers located in the United States.

3 “(iii) The term ‘goods that implicate health and
4 safety’ means goods, the use of which can lead to ill-
5 ness, disease, injury, serious adverse event, allergic
6 reaction, or death if produced without compliance
7 with all applicable Federal, State, and local health
8 and safety regulations and industry-designated test-
9 ing, safety, quality, certification, manufacturing,
10 packaging, and labeling standards.

11 “(iv) The term ‘third-party seller’ means a per-
12 son other than the electronic commerce platform
13 that uses the platform to arrange for the sale, pur-
14 chase, payment, or shipping of goods.

15 “(C) This paragraph shall apply—

16 “(i) to an electronic commerce platform that
17 has annual sales on the platform of not less than
18 \$500,000; or

19 “(ii) to an electronic commerce platform with
20 less than \$500,000 in annual sales 6 months after
21 the platform has received 10 notices (in which there
22 is a reference to this paragraph and an explicit noti-
23 fication to the platform of the 10-notice limit), in
24 aggregate, identifying listings on the platform that
25 reasonably could be determined to have used a coun-

1 terfeit mark in connection with the sale, offering for
2 sale, distribution, or advertising of goods that impli-
3 cate health and safety.

4 “(D) Nothing in this paragraph may be construed to
5 limit liability in a context other than that outlined in this
6 paragraph, including any cause of action available under
7 other provisions of this Act, notwithstanding that the
8 same facts may give rise to a claim under this para-
9 graph.”.

10 (b) EFFECTIVE DATE.—This Act, and the amend-
11 ment made by this Act, shall take effect on the date that
12 is 1 year after the date of enactment of this Act.